

H-3107-1 - CONTINUATION, EXTENSION, OR RENEWAL OF LEASES

Format for Letter Informing Operator of Cessation of
Production for a Unit Participating Area When
Authorized Officer Determines Participating Area is
Not Capable of Production in Paying Quantities



United States Department of the Interior
BUREAU OF LAND MANAGEMENT

IN REPLY REFER TO

3107 (Office Code)

CERTIFIED MAIL--RETURN RECEIPT REQUESTED

Dear _____: Gentlemen:

The (Name) Unit Agreement which includes the (Name) Participating Area (PA) became effective (Date) and so long thereafter as unitized substances are or can be produced in paying quantities from the unitized area.

Our records indicate that well number _____, located in _____ has been shut in since (Date) and is the last well in the PA.

We have determined that this PA is not capable of production in paying quantities. Under 43 CFR 3107.2-2, the PA will not terminate upon cessation of production if, within 60 days thereafter, reworking or drilling operations are commenced with reasonable diligence during the period of nonproduction. You are allowed 60 days from receipt of this letter within which to restore production in paying quantities from the PA.

If you believe the PA is capable of production in paying quantities to pay the day-to-day operating costs, including rental and/or minimum royalty on a sustained basis, you must submit justification within 60 days of receipt of this letter.

If justification that the well is capable of production in paying quantities is not submitted within 60 days from receipt of this letter, the PA will automatically terminate. A Notice of Intent to Abandon (NIA) the well must be filed within 30 days, starting 60 days after receipt of this letter.

(NOTE: This sentence applies only when the well involved is Federal.) The leases committed to the PA may be eligible for extension in accordance with 43 CFR 3107.4.

If you have any questions, contact (Name) at (Office address).

Sincerely,

Field Office Operations
Authorized Officer

Distribution:
All lessees
SO Fluid Lease Adjudication